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No. 93-1577

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1993

QUALITEX COMPANY,

Petitioner,

v.

JACOBSON PRODUCTS CO., INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

PETITIONER'S REPLY BRIEF

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Petitioner, Qualitex Company ("Qualitex"), replies to the argument first raised in Respondent's Brief In Opposition; namely, that the instant case fails to present a justiciable issue for adjudication by this Court. In taking this position, Respondent, Jacobson Products Co., Inc. ("Jacobson"), completely ignores the ongoing controversy raised by its counterclaim for cancellation of Qualitex' registered trademark, focusing instead solely upon the allegations raised in Qualitex' complaint. It is from the decision of the United States Court of Appeals for the Ninth Circuit ("Ninth Circuit") on Jacobson's counterclaim for cancellation that Qualitex appeals.

I. THIS CASE PRESENTS A JUSTICIABLE CONTROVERSY

In its Brief In Opposition, Jacobson argues for the first time that this case does not present a justiciable controversy. Brief in Opposition, p. 6. Jacobson argues that because it has been enjoined on unfair competition grounds from selling infringing press pads and it has paid the money damages awarded, a reversal of the Ninth Circuit's decisions on either the invalidity of the Qualitex trademark registration or Jacobson's non-infringement would in no way alter the relief already granted to Qualitex on the claims of its complaint. Brief in Opposition, p. 7.

Jacobson's argument ignores the basis for Qualitex' petition: the Ninth Circuit's order on Jacobson's counterclaim which cancels Qualitex' federal trademark registration for the green-gold mark. Jacobson brought that counterclaim seeking a declaratory judgment pursuant to 28 U.S.C. § 2201, which provides that "[a]ny such declaration shall have the force and effect of a final judgment and shall be reviewable as such." 28 U.S.C. § 2201(a). The questions presented in the Petition remain alive with respect to whether the relief granted to Jacobson on its counterclaim was proper. Jacobson cannot avoid review of the judgment in its favor by simply stating that it is inclined not to defend that judgment. The Ninth Circuit's order, if allowed to stand, deprives Qualitex of valuable legal rights and represents an ongoing controversy between the parties with regard to the registrability of Qualitex' color trademark.

This case presents a justiciable "case or controversy" under Article III of the Constitution. A defendant's declaratory judgment counterclaim for invalidity gives rise to an independent and ongoing controversy that is not mooted by a decision on plaintiff's charges of infringement. *Cardinal Chemical Co. v. Morton International, Inc.*, 113 S. Ct. 1967, 1975 (1993). In the *Cardinal Chemical* case, this Court stated with respect to a counterclaim for patent invalidity: "[a] party seeking a

declaratory judgment of invalidity presents a claim independent of the patentee's charge of infringement." *Id.* The posture of the *Cardinal Chemical* case before this Court is similar to the posture of the instant case except that the appellate court in *Cardinal Chemical* vacated the holding below that the plaintiff's patents were invalid.[1] Here, the order of the Ninth Circuit, if allowed to stand, will result in cancellation of Qualitex' trademark registration.

If the courts below have jurisdiction over a declaratory judgment counterclaim, this Court also has jurisdiction absent an intervening event. As this Court explicitly concluded in *Cardinal Chemical*:

> If [the Federal Circuit] had jurisdiction while the case was pending before it, the case remains alive (barring other changes) when it comes to us. . . . [N]othing prevents us, as a jurisdictional matter, from reviewing the Federal Circuit's disposition (even its vacatur) of the District Court's resolution of the declaratory judgment counterclaim." *Id.* at 1975.

In the instant case, Jacobson's declaratory judgment counterclaim plainly presented a case or controversy before both the District Court and the Ninth Circuit, giving those courts jurisdiction. *Cf. Aetna Life Ins. Co. v. Haworth*, 300 U.S. 22 (1936)(A valid claim under the Declaratory Judgment Act constitutes a case or controversy pursuant to

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[1] In *Cardinal Chemical*, the plaintiff, Morton, appealed from the District Court's decision in favor of the defendant on both the charges of infringement and on the defendant's counterclaims. *Id.* at 1970. The Federal Circuit affirmed the District Court's decision regarding non-infringement and, finding that the question of patent validity was mooted by the decision of non-infringement, vacated the District Court's judgment holding Morton's patents invalid. In the present case, Jacobson, like Cardinal Chemical, was charged with infringement. Jacobson responded to the trademark infringement and unfair competition claims brought by Qualitex with a declaratory judgment counterclaim seeking to have Qualitex' trademark registration declared invalid and cancelled.

Article III of the Constitution). Jacobson bears the burden of demonstrating that there has been an intervening event which now divests this court of jurisdiction to hear Qualitex' appeal regarding that counterclaim. *Id.* at 1976. There has been no such intervening event. Based upon *Cardinal Chemical*, the relief awarded to Qualitex on the claims if its complaint is not such an event and Jacobson has cited no others.[2]

Qualitex' case does not present an abstract question or require the Court to declare principles or rules that cannot affect the matter in issue. *See Church of Scientology of California v. U.S.*, 113 S. Ct. 447, 449 (1992); *Mills v. Green*, 159 U.S. 651, 653 (1895). *See Honig v. Doe*, 484 U.S. 305, 318 (1987). *See also* Notes, *The Mootness Doctrine in the Supreme Court*, 88 Harv. L. Rev. 373, 374 (1974-75). Whether a color alone may be registered as a trademark under the Lanham Trademark Act is a narrowly-focused issue presented in the context of whether the particular registration owned by Qualitex is valid and enforceable. The judicial proceedings below resulted in a final judgment that threatens to divest Qualitex of the tangible, valuable, and substantial legal rights it possesses by virtue of its trademark registration. *See Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 199-200 (1985)(Registration of a trademark under the Lanham Act creates substantive and valuable rights).

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[2] It is noteworthy that, with one exception, each case cited by Jacobson in support of its position that no case or controversy is present in the instant case, this Court held that in fact a justiciable issue or controversy was present. The single case in which mootness was found is an inapposite criminal case in which no declaratory judgment counterclaim was or could be filed. *See Preiser v. Newkirk*, 422 U.S. 395 (1975).

Deprivation of these rights constitutes a current and continuing injury to Qualitex.[3]

Further, while the restriction of federal court jurisdiction to cases and controversies is intended in part to define the role assigned to the judiciary in a tripartite allocation of power, the grant of *certiorari* in the present case will not constitute an inappropriate incursion by this Court into other branches of government. *See Flast v. Cohen*, 392 U.S. 83, 95 (1968). To the contrary, the Ninth Circuit has ordered an agency of the Executive Branch to cancel its action granting a federal trademark registration. Qualitex demonstrated in its petition that the Ninth Circuit failed to give appropriate deference to the Patent and Trademark Office. Petition, pp. 19-21. Adjudicating the issues in Qualitex' petition should rectify the Ninth Circuit's incursion into the province of the Executive Branch and its agencies.

Finally, the parties here are plainly adverse. *See Flast v. Cohen*, 392 U.S. 83, 95 (1968); *Asarco Inc. v. Kadish*, 490 U.S. 605, 619 (1989); *Cardinal Chemical*, 113 S. Ct. at 1971 n.9. Jacobson vigorously opposes the registrability of Qualitex' color trademark. Brief In Opposition pp. 9-12.[4] Were the Ninth Circuit's decision to

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[3] In addition to being deprived of the legal rights in its federal registration, cancellation of that registration will have the collateral effect of impeding Qualitex from halting infringement of the green-gold trademark by third parties. Efforts by Qualitex to enforce its trademark will be met with the assertion that the Ninth Circuit's decision collaterally estopps Qualitex from such enforcement. *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313 (1971). Such collateral harm plainly demonstrates that this case is not moot. *Cardinal Chemical*, 113 S. Ct. at 1971.

[4] Two misleading points regarding Jacobson's arguments on this point warrant comment. First, Jacobson alleges that this Court considered the identical issue raised by Qualitex in this case when it denied *certiorari* in *Nutrasweet Co. v. Stadt Corp.*, 917 F.2d 1024 (7th Cir. 1990), *cert. den.*, 499 U.S. 983 (1991). Brief In Opposition, p. 4. In the *Nutrasweet* case, the blue color trademark asserted by plaintiff

stand, Jacobson would have prevailed to Qualitex' clear detriment. As both the party bringing the claim upon which this appeal is based and as the prevailing party on that claim before the Ninth Circuit, Jacobson cannot now simply deem the matter moot to avoid having to defend the judgment it won. *See Penguin Books USA Inc. v. Walsh*, 929 F.2d 69, 70 (2nd Cir. 1991).[5]

II. CONCLUSION

As with the plaintiff in *Cardinal Chemical*, Qualitex' interest in obtaining substantive review of the

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Nutrasweet Co. was not the subject of a federal registration. As such, Nutrasweet Co. alleged only common law trademark rights and the Seventh Circuit did not cancel a trademark registration issued by the United States Patent and Trademark Office under statutory authority. Of course, it is axiomatic that the denial of *certiorari* does not constitute a commentary on the merits of the case. *United States v. Correr*, 260 U.S. 482, 490 (1923).

Second, in arguing that the "overwhelming majority" of courts considering the issue have declined to extend trademark protection to color alone, Jacobson fails to note that most of its supporting cases considerably predate the present Lanham Act and do not reflect current trademark jurisprudence. The Lanham Act was enacted in 1946 and was amended most recently by the Trademark Law Revision Act of 1989. Under the Lanham Act, the definition of what may constitute a trademark is broadly worded to include all types of source-identifying indicia and does not exclude color. *See* Petition for Certiorari, p. 17. Jacobson's arguments fail to demonstrate that there is no split among the Circuit Courts of Appeal on the questions presented in Qualitex' petition. *See* Brief of The American Bar Association as *Amicus Curiae* In Support of Petition, pp. 4-6; Brief *Amicus Curiae* of International Trademark Association In Support of Petitioner, pp. 5-7.

[5] Jacobson's position that the relief already granted to Qualitex renders this case moot is logically inconsistent with the Ninth Circuit's explicit ruling that Qualitex has a protectable interest in its trade dress, but not in its color trademark. The trade dress is comprised of the total appearance of the Qualitex product, not color alone. Petition, p. 10a. The logical import of the Ninth Circuit's distinction between trademark and trade dress rights is that an injunction precluding infringement of the trademark could, in fact, reach conduct that does not constitute infringing Qualitex' trade dress.

validity of its trademark registration creates a justiciable issue keeping this case alive even though Jacobson's non-infringement is not at issue. Qualitex has a clear interest in obtaining reinstatement of its federal trademark registration and Jacobson has not recanted the position taken in its counterclaim, leaving the parties in an adversarial posture on the issues presented to this Court. Jacobson has pointed to no change in circumstances that would otherwise render this appeal moot.

Based upon the reasons set forth above, in its Petition for *Certiorari*, as well as on the arguments set forth in the briefs *amicus* of The American Bar Association, International Trademark Association, and Dr. Pepper/Seven-Up Corporation, Qualitex respectfully requests that this Court grant its Petition for a Writ of Certiorari.

Respectfully submitted,

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